

Kaul rebuffs call from GOP leaders to join lawsuit challenging federal COVID-19 package tax cut provision

Posted on Friday, Apr 9, 2021

AG Josh Kaul is rebuffing a call from the Legislature's top two Republicans to join a lawsuit challenging a provision in the latest federal COVID package that prevents states from using the money to cut taxes.

In a letter yesterday, Senate Majority Leader Devin LeMahieu, R-Oostburg, and Assembly Speaker Robin Vos, R-Rochester, wrote the ban is "an unfair limitation on the sovereign authority of the states that acted responsibly and prudently during the trying times of the pandemic."

Kaul responded, "If the majority leader and speaker would like to use federal funding to cut taxes, they should expand Badgercare, saving a huge amount of state tax money, rather than advocating for Wisconsin to join a strained lawsuit."

The Legislative Fiscal Bureau cited the provision Wednesday in a memo that suggested a GOP plan to use \$1.1 billion of the coming \$3.2 billion to send a rebate to property owners on their property tax bills appears to be an allowable expense. But the agency added further guidance is needed to make sure the feds wouldn't require the state to repay the money if it went forward with the proposal.

>> WisPolitics is now on the State Affairs network. Get custom keyword notifications, bill tracking and all WisPolitics content. [Get the app or access via desktop.](#)

Thirteen states have filed suit challenging the provision, which says states that accept the federal money can't use it to reduce taxes directly or indirectly. The U.S. Treasury Department hasn't yet provided additional guidance on how that provision impacts states.

Read the letter:

<https://www.wispolitics.com/wp-content/uploads/2021/04/210408Letter.pdf>